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MEMORANDUM FOR:

SUBJECT : Information on PRC Interest in
Color TV

In response to your request for information
on Chinese interest in color television, I am
attaching a brief report

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The report was prepared by of
OER/China Division/Industries Branch. You may
wish to discuss further details with

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MAURICE C. ERNST
Director
Economic Research

Attachment:
As stated

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OER/C/IN: (4 December 73)

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SECRET

China's Interest in Color Television

China appears ready to vault into color television through imports of Western technology. After months of comprehensive study of transmitting and receiving systems in Japan, France, West Germany, and the US, the Chinese seem ready to negotiate for large purchases of equipment and technology, including complete manufacturing facilities. China's initial effort in the color television field will cost upwards of \$100 million in scarce foreign exchange, an indication that the Chinese attach considerable importance to the program.

There are now only about 400,000 television receivers in China -- all black and white. Although production has increased rapidly since 1969, total output this year is not likely to exceed 115,000 units. Obsolescent Soviet and East European technology is still used in Chinese television receivers, the majority of which have 14-inch picture tubes. Negotiations in 1971-72 with both UK and Japanese firms for a complete plant to produce 300,000 black and white picture tubes per year (divided equally between 17-inch and 22-inch tubes), were not fruitful, and subsequent Chinese efforts have been directed toward acquiring color television equipment and technology.

Television is an important propaganda tool for the Peking regime; color is likely to increase its impact on the audience. Telecasts of speeches, revolutionary operas, and public events underscore the unity of China under Mao and provide guidance on political and economic campaigns. China does not need a great many television receivers because most of its sets are installed in public meeting places -- in communes, industrial plants, military units and schools.

Chinese interest in Western color television equipment and manufacturing facilities covers the entire spectrum from selection of a color transmission system -- NTSC, PAL, or SECAM -- to receivers, studio equipment, and related manufacturing equipment and technology. In late 1972 and early 1973, Peking dispatched a number of television survey teams to study these color systems as well as their manufacturing facilities. The producing firms were invited to demonstrate their systems and equipment at technical exhibitions in China.

While China has not yet committed itself publicly to a particular color broadcasting system, there is considerable evidence that it favors the PAL system of AEG-Telefunken in West Germany. Within the past year Peking has imported nearly \$2 million worth of color television studio equipment incorporating PAL technology. Moreover, a number of color television broadcasting vans adaptable for PAL have been purchased from British and Japanese manufacturers at a cost of more than \$1.5 million. The Chinese also have imported, studied, and trial manufactured Japanese solid state color television receivers which are designed for PAL signals. In June 1973, trial color broadcasts were begun at the Peking Television Station using the PAL process and similar trial broadcasts are reportedly planned or underway at the Shanghai and Canton television stations. The PAL process is particularly advantageous for transmission over China's newly installed broadband microwave radio relay and coaxial cable network, because unlike the NTSC system, it does not require precise phase and amplitude control of the signal as it passes through the numerous repeater stations of the communications system.

China wants the latest color picture tube technology and has invited offers from a number of Western and Japanese manufacturers of picture tube components. Chinese engineering teams have visited various Japanese tube component facilities, including Asahi Glass Company (glass grids and cones), Dai Nippon Screen Company (masks), and Dai Nippon Toryu Company (fluorescent agents). It may be noted that Asahi Glass Company, in which the Chinese have shown particular interest, has a licensing agreement with Corning Glass in the US.

According to an article in the Japan Economic Journal, dated 3 April 1973, China has presented formal inquiries to a number of leading Japanese television set manufacturers for purchasing complete plants for making color TV picture tubes. According to the article, the inquiries made to Toshiba, Hitachi, and Matsushita indicated that the Chinese wanted to produce TV sets of three sizes -- 10-inch, 16-inch, and 20-inch screens -- and wanted plants having a capacity to produce 25,000 picture tubes monthly for each variety. While the value of the planned purchases was not known, the article noted that the cost for equipment to produce even one type of Braun tube amounted at least \$16.2 million. The article further stated that the Japanese manufacturers were considered to be in a good

competitive position to win the Chinese orders, because they specialize in producing smaller versions of color TV sets than do firms in other Free World countries. The Japanese were aware that China had made similar inquiries of RCA and AEG-Telefunken.